(d) The working of other coal-based plants in the country has shown that coal gasification technology for production of ammonia/urea has not proved to be cost effective. Hence, Government decided to wind up the Korba Project. A modern gas-based ammonia-urea plant has been set up at Vijaipur (M.P.) to meet the requirement of the state and other areas.

[*English*]

Revival of Agro-based Small Scale Sick Units

*789, SHRI S.M. LALJAN BASHA: Will the PRIME MINISTER be pleased to state:

(a) whether any action plan is being contemplated by the Government to revive the Agro-based small scale sick units; and

(b) if so, the steps being taken to provide technical assistance to such units?

THE MINISTER OF STATE IN THE MINISTRY OF INDUSTRY (PROF.P.J.KURIEN):(a) Various measures taken by the Government and financial institutions for the revival of small scale sick units are also applicable to the agro-based small scale sick units.

(b) If any technical assistance is a necessary input in the revival package of a potentially viable sick small scale unit, the same is also taken into consideration at the time of implementation of the package.

Foreign Investment Proposals

*790. SHRI GURUDAS KAMAT: Will the PRIME MINISTER be pleased to state:

(a) whether the Government have decided to grant automatic clearance to foreign investment proposals upto 51 percent;

(b) whether FERA clearance is also not required for foreign investment proposals; and

(c) if so, the broad details of the scheme?

THE MINISTER OF STATE IN THE MINISTRY OF INDUSTRY (PROF.P.J. KURIEN): (a) to (c). According to the Statement on Industrial Policy tabled in both the Houses of Parliament on July 24,1991, and the Press Note No. 11 (1991 Series) dated August 20, 1991, issued in pursuance thereof by the Ministry of Industry (Department of Industrial development), proposals for direct foreign investment will be dealt with on the following basis:

(a) Approval will be given for direct foreign investment upto 51% foreign equity in high priority investment upto 51% foreign equity in high priority industries (Annex III to the statement on Industrial policy) There shall be no bottlenecks of any kind in this process. Such clearance will be available if foreign equity covers the foreign exchange requirement for imported capital goods. The payment of dividends would be monitored through the Reserve Bank of India so as to ensure that outflows on account of dividend payments are balanced by export earnings over a period of time.

(b) Majority foreign equity holding companies primarily engaged in export activities.

The Reserve Bank of India will issue the necessary permission for the foreign equity investment under the Foreign Exchange Regulation act, 1973 (FERA) in the operation of sections 26(7),28, 29 and 31 of FERA.

All other foreign equity proposals will countinue to need prior clearance arid will be considered according to the existing procedures.

Investment limit for SSI

*791. SHRI DHARMANNA MONDAYYA SADUL: Will the PRIME MINISTER be pleased to state:

(a) whether the Government have re-

ceived representations in which small scale industries have apprehended that all such units will be taken over by large industrial houses due to increase in investment limit for small scale industries; and

(b) if so, the specific steps taken by the Government to protect Small Scale Industries?

THE MINISTER OF STATE IN THE MINISTRY OF INDUSTRY (PROF. P.J.KURIEN): (a) Some associations have expressed apprehensions that increase in investment limits in small scale sector coupled with 24% equity participation by other industrial undertakings, could lead to such takeovers

(b) Investment limits in small scale sector have been increased from time to time to offset increased cost of capital goods and to provides for modernisation and technological upgradation of existing small scales units. The last increase with effect from 2.4. 1991 was notified only after laying the draft notification, proposing to enhance the investment limits, in both the Houses of parliament as per the procedure prescribed under the Sub-section (3) of the Section 11-B of the Industries (Development & Regulation) Act, 1951.

While allowing equity participation by other industrial undertakings in a Small Scales Industrial Undertakings to the extent of 24%, the basic definition of Small scale industrial undertaking which bars a small scale industrial undertaking from being subsidiary of or from being owned, or controlled by other industrial undertaking (s), has not been diluted. The apprehensions, therefore, do not appear to be well-founded.

Conference of Food Ministers of Southern Zone on Public Distribution System

*792. SHRI RABI RAY:
SHRIMATI GEETA MUKHERJEE:

Will the PRIME MINISTER be pleased to state:

(a) whether the conference of the Food Ministers of the States in the Southern Zone was held recently ;

(b) if so, the details of the issues discussed thereat concerning the Public Distribution System in these States;

(c) the decisions arrived at; and

(d) the action proposed to be taken by the Union Government thereon?

THE MINISTER OF STATE IN THE MINISTRY OF CIVIL SUPPLIES AND PUBLIC DISTRIBUTION (SHRI KAMALUDDIN AHMED): (a) to (d). Yes, Sir. A request was made to the Central Government on the following points:-

(i) That Karnataka, Kerala and Tamil Nadu should be given, firstly, rice procured in Andhra pradesh in preference to the rice from Punjab and Northern states;

(ii) That sugar be released to States from factories located in their respective states or from nearest factories.

(iii) That FCI be directed in farmers' interest to purchase at least 50% of paddy from regulated markets.

(iv) Items like edible oil and sugar be included in the category of 'foodgrains' for purposes of securing loans from R.B.I., and

(v) Adequate allotment of Palmolein be supplied to Southern States for Public Distribution System (PDS).

The effort is to supply Andhra Pradesh rice to these states in the first instance. However, it is not possible to meet the entire requirement of these states through this rice.